Preparing for the end: Avoiding CDR Disaster

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AASFAA
ARIZONA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Commitment to Student Success

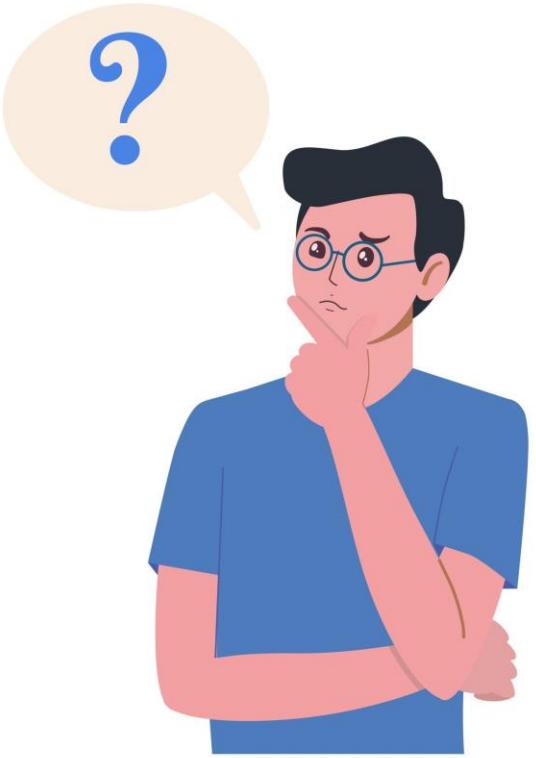
ECMC Group, located in Minneapolis, MN is a Nonprofit with a mission to help students succeed.

OUR MISSION

To help students recognize and realize their potential by investing in, creating and providing innovative education solutions that support schools and improve student educational outcomes.

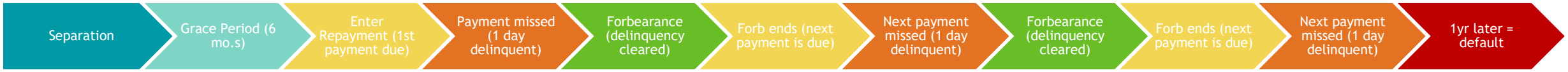
So what's going to happen on September 1, 2022

- Repayment on loans that have been in administrative forbearance since March 2020 will resume.
- Interest rates will most likely be reset from 0% to the rate prior to the forbearance
- Auto-debit will **not** automatically resume. Students will have to sign up again with their servicers
- Delinquent loans will reset to day 0
- Defaulted loans will also reset to day 0

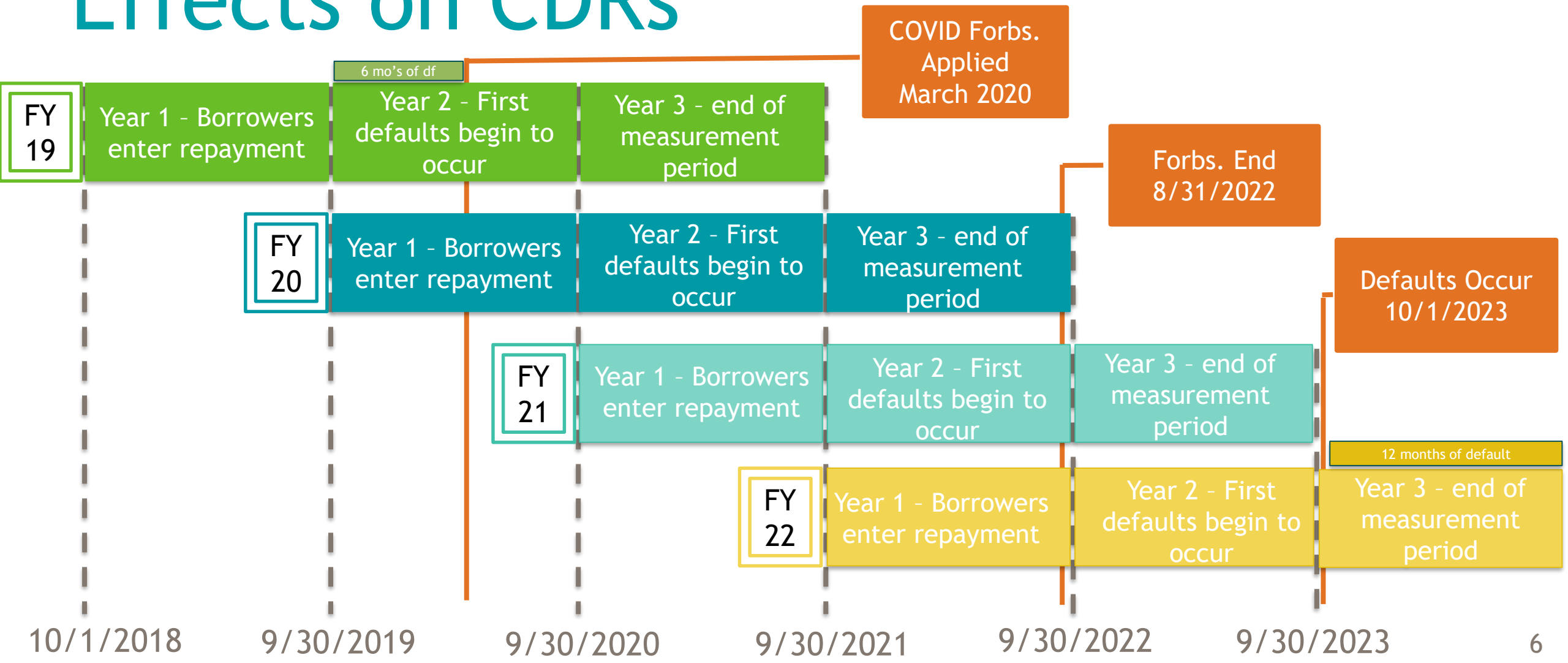


The False Positive

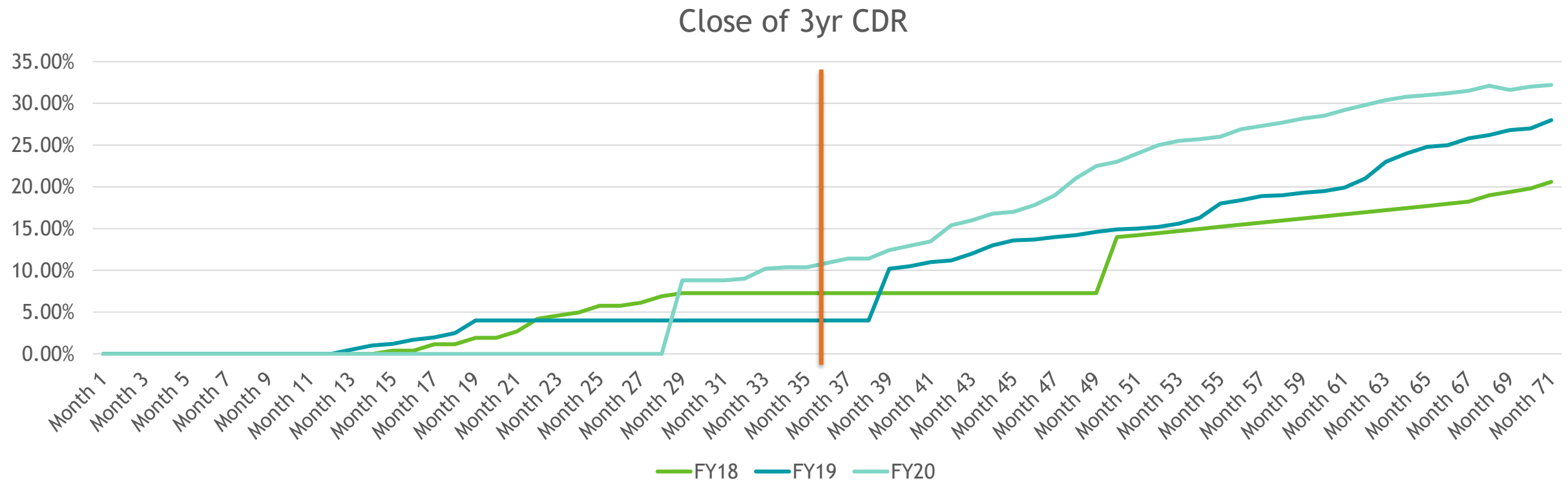
Repayment Lifecycle



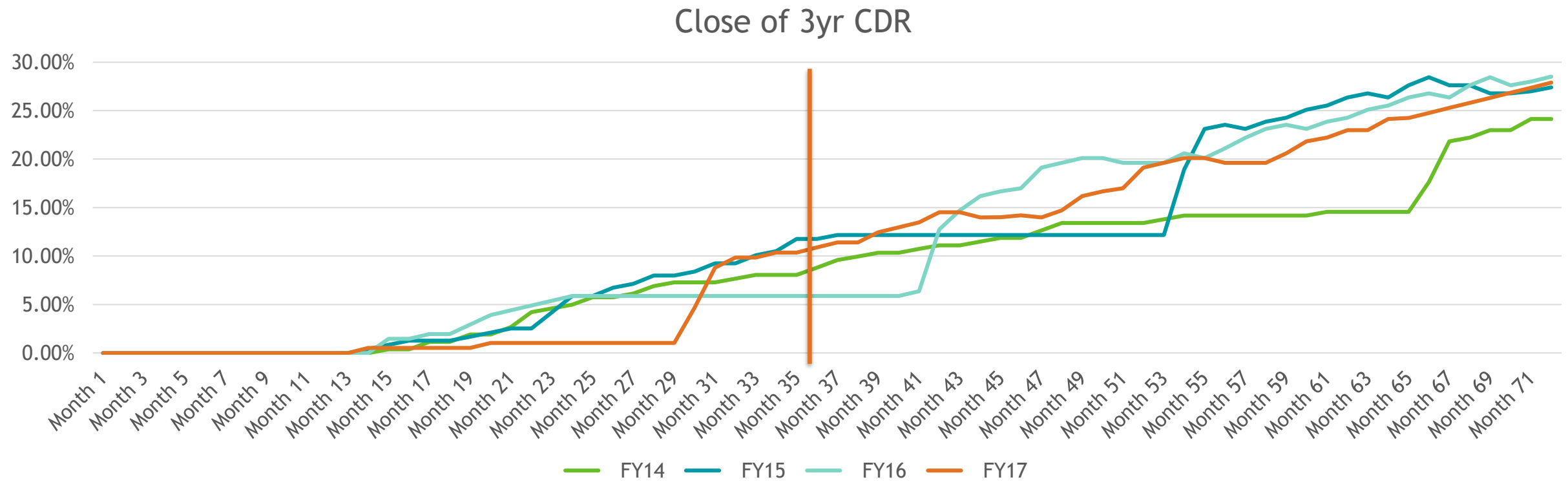
Effects on CDRs



Cohort Status History Widget



Cohort Status History - Hurricane

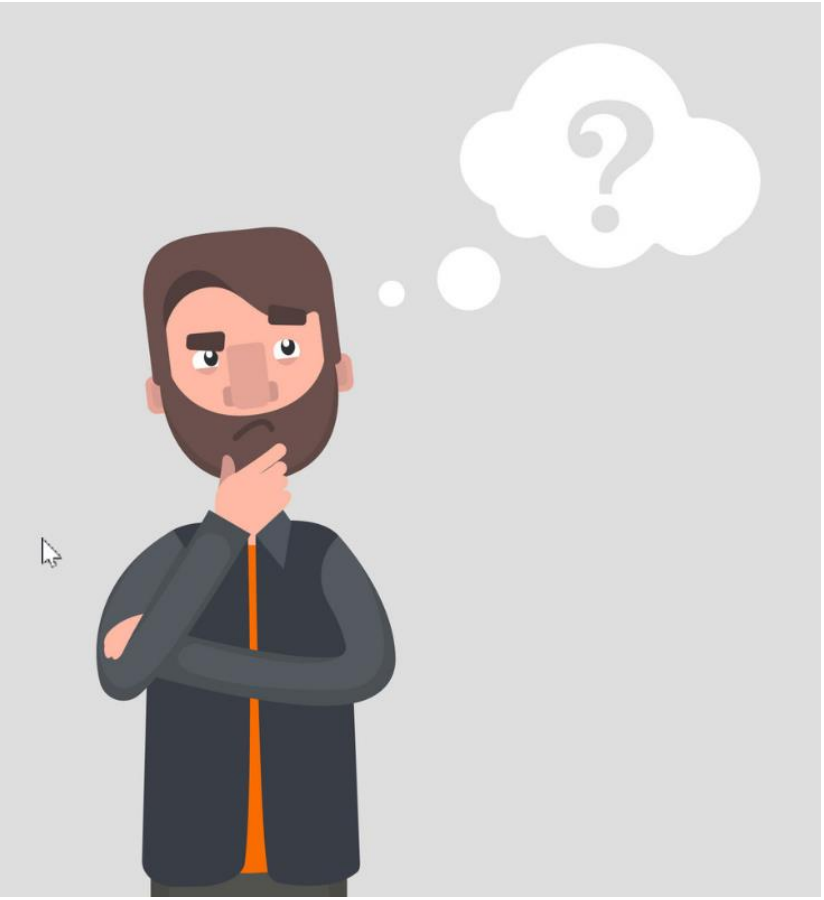


Students aren't prepared for this

According to a survey by studentdebtcrisis.org (Nov. 2021), 89% of students aren't financially secure enough to resume payments. 21% believe they will never be financially secure to repay their student loans

45% say their financial wellness is currently poor/very poor vs. 25% said this was the case prior to the pandemic

Students are also confused



- Who is my servicer now?
- Loan forgiveness chatter and misconceptions
- Which loans are impacted?
- How? When? Who? Where? Help!

Call to action

- Outreach, inform, clarify, demystify
- Talk to your administration now
- The more informed students are, the more likely they can manage their debt, which impacts your CDR, student success, and retention

Is Change Afoot?

- Five Year Cohort Window
- Repayment Rates
- Gainful Employment
- Hybrid Solution—includes CDR's
- TICAS-
  - Debt-to-discretionary earnings
  - Earnings net of expected debt payments
  - RR's

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